

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1989-230-EG - ORDER NO. 2007-619
SEPTEMBER 7, 2007

IN RE: Investigation of Property Transfers from)	ORDER APPROVING
South Carolina Electric & Gas Company,)	PROPERTY TRANSFER
SCANA, Other SCANA Affiliates and Non-)	OUTSIDE COMPETITIVE
Affiliated Entities, and Allocation of)	BIDDING PROCESS
Expenses Revenues and Plant between South)	
Carolina Electric & Gas Company, SCANA)	
and SCANA Affiliates)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on a request by South Carolina Electric & Gas Company (“SCE&G” or the “Company”) to transfer certain real property without engaging in the competitive bidding process required by Order No. 92-931 (dated November 13, 1992). Order No. 92-931 articulates the requirement that SCE&G must engage in a competitive bidding process if it seeks to engage in the sale of real property worth in excess of \$50,000. SCE&G’s description of its request follows.

In 2001, SCE&G acquired approximately thirteen acres of real property adjacent to its existing Gas Operations facility located near the town of Langley, South Carolina and constructed a fleet center and Electric Operations facility (“Langley Operations Facility”) in order to consolidate its operations functions. In 2007, it combined its Barnwell electric office and operations functions into one service center and abandoned its commercial office located on Allen Street in Barnwell, South Carolina (“Allen Street Property”). The Allen Street Property has an appraised value of \$215,000 based on an

appraisal conducted on January 12, 2007. The Company states that it has no plans or use for the Allen Street Property.

In 2007, the Lombard Corporation (“Lombard”), an owner of the property adjacent to the Langley Operation Facility (“Lombard Property”) approached SCE&G and expressed an interest in acquiring the Allen Street Property via a real estate exchange. The Lombard Property consists of approximately twenty-eight acres. In anticipation of needing more space at its Langley Operations Facility, SCE&G entered into negotiations with Lombard in which Lombard would acquire the Allen Street Property and SCE&G would acquire the Lombard Property. SCE&G views this exchange as an opportunity to secure additional space for anticipated future facilities expansion while reducing the cash outlay required to buy the site.

As a result of the negotiations, SCE&G proposes to purchase the Lombard Property for \$22,000 an acre for an approximate sale price of \$616,000. SCE&G states that this sale price is approximate because the ultimate acreage involved in the exchange will be determined by a final survey. In order to complete the transaction, SCE&G informs the Commission that it will deed the Allen Street Property to Lombard, appraised at \$215,000, and then remit the remaining balance of the contract price of approximately \$401,000.

The Commission finds that SCE&G, in anticipation of needing more space at its Langley Operation Center, has identified an adjacent landowner to purchase its Allen Street Property who is willing to pay fair market value for this property. While the purpose of the bidding requirement detailed in Order No. 92-931 is to protect against

affiliate preferences and insure that SCE&G disposes of real property in a manner which promotes fair and equitable treatment of the parties to the transaction, potential bidders, and SCE&G customers, the facts in this matter indicate SCE&G's proposed real estate transaction is a logical means for it to plan for future expansion. No affiliate preference is involved and waiving the bidding requirement under these circumstances is both fair and reasonable.

In conclusion, the Commission waives the competitive bidding requirements of Order No. 92-931, and approves SCE&G's real estate transaction with Lombard. However, SCE&G must seek additional approval if the survey of the properties in question results in a purchase price that is ten percent higher than what is proposed in its request.

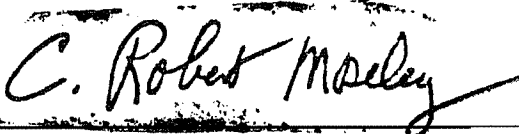
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)